



MARYLAND COMMISSIONER OF FINANCIAL REGULATION INDUSTRY ADVISORY REGULATORY NOTICE



October 21, 2020

NEW LICENSING AND REGISTRATION REQUIREMENTS FOR PROVIDERS OF CHECK CASHING SERVICES

During its 2020 session, the Maryland General Assembly passed Senate Bill 939 which was enacted by operation of law (*see*, 444 Md. Laws 2020). On October 1, 2020, the substantive portions of the new law impacting those providing check casher services took effect. The new provisions change the requirements for providing check cashing services in the State of Maryland.

Under Maryland law “provide check cashing services” means to accept or cash, for compensation, a payment instrument regardless of the date of the payment instrument. Maryland laws governing check cashing services, including the changes in the law described in this Advisory, do not apply to:

- (i) transactions in which a customer presents a payment instrument for the exact amount of a purchase, or to
- (ii) transactions involving foreign currency exchange services, or
- (iii) the cashing of a payment instrument drawn on a financial institution other than a federal, State, or other state-chartered financial institution.

They also do not apply to federal and Maryland chartered financial institutions, along with certain of their subsidiaries and affiliates, as well as certain other state-charted financial institutions (and certain of their subsidiaries and affiliates) as they are exempt from these requirements.

Under the new law, a person (including a business) **may not** provide check cashing services in Maryland unless the person is either licensed by, or registered with, the Commissioner of Financial Regulation (“the Commissioner”).

A person is not required to be licensed, and may **register** with the Commissioner, if **all** of the following conditions are met:

- The person charges a fee of no more than 1.5% of the amount of the instrument or \$1, whichever is greater, to cash a payment instrument.
- The person's check cashing services are incidental to retail sales of goods or services by the person.
- The person is registered as a money services business with the United States Department of the Treasury's Financial Crimes Enforcement Network (FinCEN).
- The person cashes payment instruments in the interior of the business location, and does not utilize a drive up or walk up window or a mobile unit.
- The person has conspicuously posted a notice, in 48-point or larger type, in the business location where instruments are cashed, providing the following information:
 - The fees charged for check cashing services; and
 - How to contact the Commissioner with comments or complaints.
- The person provides to each check cashing services customer a receipt containing:
 - The date of the transaction;
 - The face value of the instrument cashed;
 - The fee charged; and
 - The net dollar amount paid to the customer.

Unless **all** of the above conditions are met, a person **must** be licensed by the Commissioner in order to provide check cashing services in Maryland.

All persons offering check cashing services in Maryland should review the requirements of the new law to determine whether licensure is necessary, or whether services may be provided under a registration. To assist persons in determining whether licensure or registration is appropriate, answers to frequently-asked questions (FAQs) are available [here](#).

Both registration and licensure are managed through the Nationwide Multistate Licensing System (NMLS). Licenses and registrations must be renewed annually. NMLS is a secure, online system used by all states for the licensure and registration of various financial services businesses. NMLS makes available information and training materials to assist new users. The [NMLS Resource Center](#) is the primary source for information, and provides access to [training workshops](#). New users are encouraged to review [this pre-recorded webinar](#) to learn about creating an NMLS account and requesting a registration. Additionally, users may contact the NMLS Call Center at 1-855-NMLS-123 (1-855-665-7123) for live assistance when needed. Please be aware that the Commissioner's staff

cannot provide assistance with use of the NMLS system; please call the NMLS Call Center if such assistance is needed.

The Commissioner does not charge a fee for registration; however, registrants must pay a processing fee to NMLS when renewing registration; that fee is currently \$100. **NOTE:** The fee for licensure remains \$500 annually, with initial applications for licensure requiring a \$100 investigation fee.

Initial registrations must be submitted to the Commissioner through the NMLS beginning on November 1, 2020. Those who want to register through the NMLS and who do not currently have an NMLS account may create that account, and upload any necessary documents to the NMLS, at any time, but they may not submit the registration request until November 1. The information required for this registration is described in [this NMLS checklist](#).

If you have any questions regarding this advisory, you may contact Betty Yates, Assistant Director of Licensing, by e-mail at betty.yates@maryland.gov, or by telephone at 410-230-6150.

The Office of the Commissioner of Financial Regulation, a division of the Maryland Department of Labor, is Maryland's banking and financial services regulatory agency. For more information, please visit our website at www.labor.maryland.gov/finance.



Office of the Commissioner of Financial Regulation